

**GREENE
COMMUNITY SCHOOL DISTRICT**

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2009

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GREENE COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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**Board of Education
(Before September 2008 Election)**

Jeff Lindell	President	2008
Troy Feldman		2011
Gary Hatcher		2008
Laura Schafer		2009
Barbara Brinkman		2009

(After September 2008 Election)

Troy Feldman	President	2011
Gary Hatcher		2011
John Moellers		2011
Laura Schafer		2009
Barbara Brinkman		2009

School Officials

Steve Ward	Superintendent
Jan Trees	District Secretary
John Barth	District Treasurer

BRUCE D. FRINK

Certified Public Accountant

Independent Auditor's Report

Member:

- American Institute of Certified Public Accountants
- Iowa Society of Certified Public Accountants

Services:

- Individual, Partnership and Corporate Tax Preparation
- Year Round Tax Planning
- Electronic Filing
- Payroll & Sales Tax Preparation
- I.R.S. Representation
- Monthly/Quarterly Write-Up
- Data Processing Services
- Payroll Preparation
- Computerized Financial Statements
- Business/Personal Financial Planning
- Bank Loan Assistance

Plus:

- Over 30 years of Expertise and Experience
- Evenings & Saturdays Available by Appointment
- Extended Hours During Tax Season

To the Board of Education of
Greene Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities and each major fund of Greene Community School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities and each major fund of Greene Community School District at June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated April 29, 2010 on our consideration of Greene Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and Budgetary Comparison Information on pages 4 through 12 and 30 through 31 are not required parts of the financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Greene Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the five years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplemental information included in Schedules 1 through 2 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



BRUCE D. FRINK
Certified Public Accountant

April 29, 2010

GREENE COMMUNITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Greene Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$3,248,495 in fiscal year 2008 to \$3,541,526 in fiscal year 2009 (a 9% increase), while General Fund expenditures increased from \$3,244,853 in fiscal year 2008 to \$3,492,184 in fiscal year 2009 (an 8% percent increase).
- General Fund revenues showed increases from all sources. The increase in expenses was due to normal payroll increases and additional sharing costs. Discretionary spending was carefully monitored in order to maintain the General Fund balance. The additional sharing costs were primarily a change in reporting requested by the Department of Education.
- The General Fund balance increased by almost \$45,000 from fiscal year 2008 to fiscal year 2009.
- The District shared the superintendent's services with the Rudd-Rockford-Marble Rock Community School District. This position will be shared with Allison-Bristow in the future.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Greene Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Greene Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Greene Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the Student Activity funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

Figure A-1
Greene Community School District Annual Financial Report

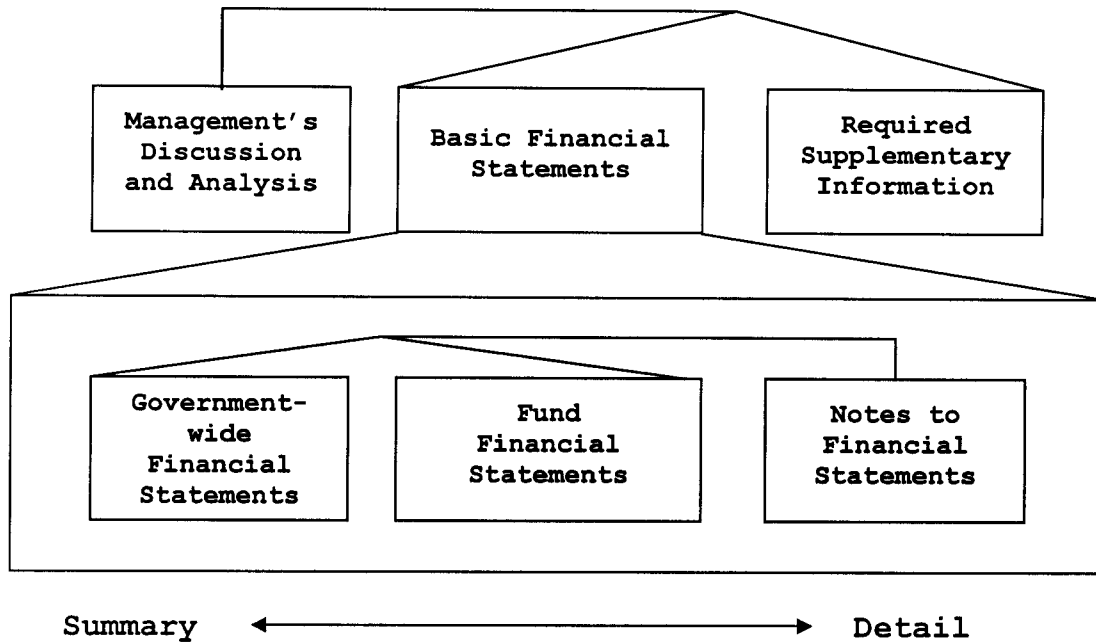


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2 Major Features of the Government-wide and Fund Financial Statements			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activity the District operates similar to private businesses: food services
Required financial statements	<ul style="list-style-type: none"> . Statement of net assets . Statement of activities 	<ul style="list-style-type: none"> . Balance sheet . Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> . Statement of net assets . Statement of revenues, expenses and changes in fund net assets . Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets - the difference between the District's assets and liabilities - are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. The District has elected to treat all funds as "major" funds for clarity of presentation.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has two kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses, changes in net assets and a statement of cash flows.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2009 compared to 2008.

Figure A-3 Condensed Statement of Net Assets (Expressed in Thousands)							
	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-2009
Current assets	\$ 3,912	3,573	8	7	3,920	3,580	8.67%
Capital assets	<u>3,750</u>	<u>3,828</u>	<u>4</u>	<u>5</u>	<u>3,754</u>	<u>3,833</u>	-2.10%
Total assets	<u>7,662</u>	<u>7,401</u>	<u>12</u>	<u>12</u>	<u>7,674</u>	<u>7,413</u>	<u>3.40%</u>
Current liabilities	1,824	1,670	-	-	1,824	1,670	8.44%
Non-current liabilities	<u>2,855</u>	<u>3,030</u>	<u>-</u>	<u>-</u>	<u>2,855</u>	<u>3,030</u>	-6.13%
Total liabilities	<u>4,679</u>	<u>4,700</u>	<u>-</u>	<u>-</u>	<u>4,679</u>	<u>4,700</u>	<u>-0.45%</u>
Net Assets							
Invested in capital assets, net of related debt	895	798	4	5	899	803	10.68%
Restricted	1,226	1,131	-	-	1,226	1,131	7.75%
Unrestricted	<u>862</u>	<u>772</u>	<u>8</u>	<u>7</u>	<u>870</u>	<u>779</u>	<u>10.46%</u>
Total net assets	<u>\$ 2,983</u>	<u>2,701</u>	<u>12</u>	<u>12</u>	<u>2,995</u>	<u>2,713</u>	<u>9.42%</u>

The District's combined net assets were 9% greater than at June 30, 2009 than June 30, 2008. The increase in restricted net assets occurred primarily due to an increase in the capital projects and Management Funds. The unrestricted net assets decreased slightly despite sharing monies and cost control measures.

Figure A-4 shows the changes in net assets for the year ended June 30, 2009 compared to the year ended June 30, 2008.

Figure A-4							
Changes in Net Assets							
(Expressed in Thousands)							
Governmental Activities		Business type Activities		Total School District		Total Change	
2009	2008	2009	2008	2009	2008	2008-2009	
Revenues:							
Program revenues:							
Charges for service and sales	\$ 660	547	109	102	769	649	18.49%
Operating grants, contributions and restricted interest	746	564	67	74	813	638	27.43%
General revenues:							
Property tax	1,531	1,538	-	-	1,531	1,538	-0.46%
Statewide sales and services tax	187	180	-	-	187	180	3.89%
Unrestricted state grants	1,187	1,106	-	-	1,187	1,106	7.32%
Unrestricted investment earnings	13	30	-	-	13	30	-56.67%
Other	13	18	-	-	13	18	-27.78%
Total revenues	4,337	3,983	176	176	4,513	4,159	8.51%
Program expenses:							
Governmental activities:							
Instruction	2,309	2,082	-	-	2,309	2,082	10.90%
Support Services	1,313	1,311	-	-	1,313	1,311	0.15%
Non-instructional programs	-	-	176	179	176	179	-1.68%
Other expenses	433	444	-	-	433	444	-2.48%
Total expenses	4,055	3,837	176	179	4,231	4,016	5.35%
Change in net assets	\$ 282	146	-	(3)	282	143	97.20%

Property tax, local option sales tax and unrestricted state grants account for 60% of the total revenue. The District's expenses primarily relate to instruction and support services which account for 86% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$4,337,891 and expenses were \$4,055,457 for the year ended June 30, 2009. The District balanced the budget by reducing discretionary spending and seeking out alternative revenue sources such as grants. Sharing students and administrators with neighboring districts is allowing for cost savings.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services programs and other expenses, for the year ended June 30, 2009 compared to the year ended June 30, 2008.

Figure A-5 Total and Net Cost of Governmental Activities (Expressed in Thousands)						
	Total Cost of Services			Net Cost of Services		
	2009	2008	Change 2008-2009	2009	2008	Change 2008-2009
Instruction	\$ 2,309	2,082	10.90%	1,080	1,248	-13.46%
Support services	1,313	1,311	0.15%	1,263	1,170	7.95%
Other expenses	433	444	-2.48%	307	309	-0.65%
Totals	\$ 4,055	3,837	5.68%	2,650	2,727	-2.82%

For the year ended June 30, 2009:

- The cost financed by users of the District's programs was \$659,651. The primary sources are sharing of the superintendent with Rudd-Rockford-Marble Rock Community School District and classes with Allison-Bristow.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$428,801.
- The net cost of governmental activities was financed with \$1,531,500 in property tax, \$1,187,383 in state foundation aid and \$187,473 in statewide sales and services tax.

Business Type Activities

Revenues of the District's business type activities during the year ended June 30, 2009 were \$176,413 and expenses totaled \$176,448. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As previously noted the Greene Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$2,099,567, 10% above last year's ending fund balances of \$1,914,772. These are primarily a result of the administration sharing and increased tuition revenues.

Governmental Fund Highlights

- The District's General Fund balance decreased slightly. Revenues from all sources showed some increase.
- The District began collecting statewide sales and services tax.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the cash basis. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report. Since the District does not adopt a budget for individual funds, budgets for the General Fund and major Special Revenue Funds are not presented in the budgetary comparison on pages 30 and 31.

Legal Budgetary Highlights

The District's total actual receipts were approximately \$12,000 less than the total budgeted receipts, a variance of less than 1%. The most significant change resulted in the District receiving more in federal revenues than originally anticipated.

Total expenditures were less than budgeted due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending through its line item budget. As a result, the District's certified budget should always exceed the actual expenditures during the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2009, the District has invested more than \$3.7 million, net of accumulated depreciation in a broad range of capital assets including school buildings, athletic facilities, central kitchen, maintenance and administrative buildings, computer and audiovisual equipment, maintenance equipment, school buses, library holdings and textbooks. Total depreciation expense for the year exceeded \$178,000.

Long - Term Debt

The District has \$2,855,000 in general obligation bonds from the construction of a secondary school building. These bonds have an average interest rate of 4.55%. They will be paid off over the next 12 years with previously approved property tax levies and sales taxes.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The District is in a two way sharing program with the Allison-Bristow Community School District. This has resulted in some cost savings.
- The District will continue to seek out new sources of revenue, such as At-Risk Allowable Growth, Instructional Support Levy, and other grants that may be available for additional revenues.
- Future enrollment stability is a critical element in maintaining a sound financial foundation. Enrollment is currently declining and projects to continue to do so. This fact coupled with decreased state funding obviously does not bode well for the District's financial health. This decrease in funding will dramatically affect the General fund cash and unspent balances, along with having a negative affect on personnel and programming offered by the District.
- The District shared a superintendent with the Rudd-Rockford-Marble Rock Community School District. This position will be shared with Allison-Bristow in future years.

- Iowa law requires that unsettled salary negotiations for teachers to mandatory arbitration. Invariably arbitrated settlements are higher than current levels of allowable growth in funding. Employee wage and benefit settlements exceeding the growth rate in State funding will continued to force the District to consider additional budget reductions to balance the General Fund budget.
- Once again unfunded mandates are stretching the limits of not only the financial health of the District, but also the human resources aspect of the District. No Child Left Behind, Student Achievement, Teacher Quality Act, and GASB 34 to name a few.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Janice Trees, District Secretary, Greene Community School District, 201 North 4th Street, Greene, IA 50636.

Basic Financial Statements

GREENE COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2009

		Business Type Activities	
	Governmental Activities	School Nutrition	Total
Assets			
Cash and pooled investments	\$ 2,120,910	318	2,121,228
Receivables:			
Property tax:			
Current year	32,001	-	32,001
Succeeding year	1,574,678	-	1,574,678
Due from other governments	185,084	-	185,084
Inventories	-	7,171	7,171
Capital assets, net of accumulated depreciation	3,749,815	4,147	3,753,962
Total assets	<u>7,662,488</u>	<u>11,636</u>	<u>7,674,124</u>
Liabilities			
Accounts payable	88,004	-	88,004
Accrued payroll and benefits	150,424	-	150,424
Accrued interest payable	11,062	-	11,062
Deferred revenue:			
Succeeding year property tax	1,574,678	-	1,574,678
Long term liabilities:			
Portion due within one year:			
General obligation bonds	180,000	-	180,000
Portion due after one year:			
General obligation bonds	2,675,000	-	2,675,000
Total liabilities	<u>4,679,168</u>	<u>-</u>	<u>4,679,168</u>
Net Assets			
Invested in capital assets, net of related debt	894,815	4,147	898,962
Restricted for:			
Management levy	173,529	-	173,529
67 1/2 cent schoolhouse levy	131,208	-	131,208
Physical plant and equipment levy	256,464	-	256,464
Debt service	20,858	-	20,858
Capital projects	644,462	-	644,462
Unrestricted	861,984	7,489	869,473
Total net assets	<u>\$ 2,983,320</u>	<u>11,636</u>	<u>2,994,956</u>

See notes to financial statements.

GREENE COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2009

	Program Revenues				Business Type Activities	Total
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities		
Functions/Programs:						
Governmental activities:						
Instruction:	\$ 2,309,127	659,626	569,503	(1,079,998)	-	(1,079,998)
Support services:						
Student services	49,541	-	-	(49,541)	-	(49,541)
Instructional staff services	68,664	-	-	(68,664)	-	(68,664)
Administration services	561,034	-	-	(561,034)	-	(561,034)
Operation and maintenance of plant services	411,399	-	49,680	(361,719)	-	(361,719)
Transportation services	222,122	25	-	(222,097)	-	(222,097)
	1,312,760	25	49,680	(1,263,055)	-	(1,263,055)
Other expenditures:						
Facilities acquisition	50,409	-	12,818	(37,591)	-	(37,591)
Long term debt service interest	140,763	-	5,394	(135,369)	-	(135,369)
Long term debt services	400	-	-	(400)	-	(400)
AEA flowthrough	108,563	-	108,563	-	-	-
Depreciation (unallocated)*	133,435	-	-	(133,435)	-	(133,435)
	433,570	-	126,775	(306,795)	-	(306,795)
Total governmental activities	4,055,457	659,651	745,958	(2,649,848)	-	(2,649,848)

GREENE COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2009

	Program Revenues			Governmental Activities	Business Type Activities	Total
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest			
Business type activities:						
Non-instructional programs						
Nutrition services	176,448	109,453	66,960	-	(35)	(35)
Total	<u>\$ 4,231,905</u>	<u>769,104</u>	<u>812,918</u>	<u>(2,649,848)</u>	<u>(35)</u>	<u>(2,649,883)</u>

General Revenues:

Property tax levied for:						
General purposes				\$ 1,127,312	-	1,127,312
Management fund				74,815	-	74,815
Capital outlay				98,668	-	98,668
Debt service				217,261	-	217,261
Public education and recreation				13,444	-	13,444
Statewide sales and services tax				187,473	-	187,473
Unrestricted state grants				1,187,383	-	1,187,383
Unrestricted investment earnings				12,909	-	12,909
Other				13,017	-	13,017
Total general revenues				<u>2,932,282</u>	<u>-</u>	<u>2,932,282</u>
Change in net assets				282,434	(35)	282,399
Net assets beginning of year, as restated				<u>2,700,886</u>	<u>11,671</u>	<u>2,712,557</u>
Net assets end of year				<u>\$ 2,983,320</u>	<u>11,636</u>	<u>2,994,956</u>

* This amount excludes the depreciation that is included in the direct expense of the various programs.
See accompanying independent auditor's report.

GREENE COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2009

Assets

Cash	\$ 795,029	103,640	172,419	254,987	-	131,208	634,880	28,747	2,120,910
Receivables:									
Property tax:									
Current year	16,460	-	1,110	1,477	199	-	9,582	3,173	32,001
Succeeding year	1,140,043	-	100,000	106,546	14,046	-	-	214,043	1,574,678
Due from other governments	185,084	-	-	-	-	-	-	-	185,084
Total assets	\$ 2,136,616	103,640	273,529	363,010	14,245	131,208	644,462	245,963	3,912,673

Liabilities and Fund Balances

Liabilities:									
Accounts payable	\$ 87,805	-	-	-	199	-	-	-	88,004
Accrued payroll and benefits	150,424	-	-	-	-	-	-	-	150,424
Deferred revenue:									
Succeeding year property tax	1,140,043	-	100,000	106,546	14,046	-	-	214,043	1,574,678
Total liabilities	1,378,272	-	100,000	106,546	14,245	-	-	214,043	1,813,106
Fund balances:									
Reserved for:									
Debt service	-	-	-	-	-	-	-	31,920	31,920
Capital projects	-	-	-	-	-	-	644,462	-	644,462
Unreserved	758,344	103,640	173,529	256,464	-	131,208	-	-	1,423,185
Total fund balances	758,344	103,640	173,529	256,464	-	131,208	644,462	31,920	2,099,567
Total liabilities and fund balances	\$ 2,136,616	103,640	273,529	363,010	14,245	131,208	644,462	245,963	3,912,673

See notes to financial statements.

GREENE COMMUNITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets

June 30, 2009

Total fund balances of governmental funds (Exhibit C)	\$ 2,099,567
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**Amounts reported for governmental activities in the Statement of Net Assets
are different because:**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	3,749,815
--	-----------

Accrued interest on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(11,062)
--	----------

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.

General obligation bonds	<u>(2,855,000)</u>
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Net assets of governmental activities (Exhibit A)	<u>\$ 2,983,320</u>
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GREENE COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Fund Types

Year ended June 30, 2009

	General	Student Activity	Management Levy	Physical Plant and Equipment Levy	Public Equipment and Recreation Levy	Schoolhouse Levy	Capital Projects	Debt Service	Total
Revenues:									
Local sources									
Local tax	\$ 1,127,312	-	74,815	98,668	13,444	-	187,473	217,261	1,718,973
Tuition	537,246	-	-	-	-	-	-	-	537,246
Other	152,489	136,812	41,747	4,685	-	3,123	12,818	5,251	356,925
State sources	1,523,124	-	49	67	9	-	-	143	1,523,392
Federal sources	201,355	-	-	-	-	-	-	-	201,355
Total revenues	3,541,526	136,812	116,611	103,420	13,453	3,123	200,291	222,655	4,337,891
Expenditures:									
Instruction	2,206,436	102,691	-	-	-	-	-	-	2,309,127
Support services									
Student services	49,541	-	-	-	-	-	-	-	49,541
Instructional staff services	68,664	-	-	-	-	-	-	-	68,664
Administration services	561,034	-	-	-	-	-	-	-	561,034
Operation and maintenance of plant services	320,434	-	59,487	91,946	13,453	5,534	-	-	490,854
Transportation services	177,512	-	-	15,500	-	-	-	-	193,012
	1,177,185	-	59,487	107,446	13,453	5,534	-	-	1,363,105

GREENE COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Fund Types

Year ended June 30, 2009

	General	Student Activity	Management Levy	Physical Plant and Equipment Levy	Public Equipment and Recreation Levy	Schoolhouse Levy	Capital Projects	Debt Service	Total
Other expenditures:									
Facilities acquisition and construction services	-	-	-	-	-	-	50,409	-	50,409
Long term debt service									
Principal	-	-	-	-	-	-	-	175,000	175,000
Interest	-	-	-	-	-	-	-	141,492	141,492
Services	-	-	-	-	-	-	-	400	400
AEA flowthrough	108,563	-	-	-	-	-	-	-	108,563
	<u>108,563</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,409</u>	<u>316,892</u>	<u>475,864</u>
Total expenditures	<u>3,492,184</u>	<u>102,691</u>	<u>59,487</u>	<u>107,446</u>	<u>13,453</u>	<u>5,534</u>	<u>50,409</u>	<u>316,892</u>	<u>4,148,096</u>
Excess (deficiency) of revenues over (under) expenditures	<u>49,342</u>	<u>34,121</u>	<u>57,124</u>	<u>(4,026)</u>	<u>-</u>	<u>(2,411)</u>	<u>149,882</u>	<u>(94,237)</u>	<u>189,795</u>
Other financing sources:									
Transfer to Debt Service Fund	-	-	-	-	-	-	(100,000)	-	(100,000)
Transfer from Capital Projects Fund	-	-	-	-	-	-	-	100,000	100,000
Transfer to School Nutrition Fund	(5,000)	-	-	-	-	-	-	-	(5,000)
	<u>(5,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>	<u>100,000</u>	<u>(5,000)</u>
Net change in fund balances	<u>44,342</u>	<u>34,121</u>	<u>57,124</u>	<u>(4,026)</u>	<u>-</u>	<u>(2,411)</u>	<u>49,882</u>	<u>5,763</u>	<u>184,795</u>
Fund balances beginning of year	<u>714,002</u>	<u>69,519</u>	<u>116,405</u>	<u>260,490</u>	<u>-</u>	<u>133,619</u>	<u>594,580</u>	<u>26,157</u>	<u>1,914,772</u>
Fund balances end of year	<u>\$ 758,344</u>	<u>103,640</u>	<u>173,529</u>	<u>256,464</u>	<u>-</u>	<u>131,208</u>	<u>644,462</u>	<u>31,920</u>	<u>2,099,567</u>

See notes to financial statements.

GREENE COMMUNITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
to the Statement of Activities

Year ended June 30, 2009

Net change in fund balances - total governmental funds (Exhibit E) \$ 184,795

***Amounts reported for governmental activities in the Statement of
Activities are different because:***

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$ 99,955	
Depreciation expense	<u>(178,045)</u>	(78,090)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

729

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets

175,000

Change in net assets of governmental activities (Exhibit B) \$ 282,434

GREENE COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund

Year ended June 30, 2009

	<u>School Nutrition</u>
Operating revenue:	
Local sources:	
Charges for services	\$ 109,453
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	65,202
Benefits	8,647
Services	395
Supplies	101,712
Depreciation	492
Total operating expenses	<u>176,448</u>
Operating (loss)	<u>(66,995)</u>
Non-operating revenues:	
Interest on investments	11
Transfer from General Fund	5,000
State sources	1,840
Federal sources	<u>60,109</u>
	<u>66,960</u>
Change in fund net assets	(35)
Net assets beginning of year	<u>11,671</u>
Net assets end of year	<u>\$ 11,636</u>

See notes to financial statements.

GREENE COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2009

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 109,453
Cash payments to employees for services	(73,849)
Cash payments to suppliers for goods or services	(84,864)
Net cash provided by (used in) operating activities	<u>(49,260)</u>
Cash flows from non-capital financing activities:	
State grants received	1,840
Federal grants received	42,598
Net cash provided by non-capital financing activities	<u>44,438</u>
Cash flows from capital financing activities:	
Transfer from General Fund	5,000
Cash flows from investing activities:	
Interest on investments	<u>11</u>
Net (decrease) in cash and cash equivalents	189
Cash and cash equivalents beginning of year	<u>129</u>
Cash and cash equivalents end of year	<u>\$ 318</u>
Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating (loss)	\$ (66,995)
Adjustments to reconcile operating profit (loss) to net cash provided by (used in) operating activities:	
Depreciation	492
Commodities used	17,511
(Increase) in inventory	(268)
	<u>\$ (49,260)</u>
Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:	
Current assets:	
Cash	<u>\$ 318</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2009, the District received federal commodities valued at \$17,511.

See notes to financial statements.

GREENE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2009

(1) Summary of Significant Accounting Policies

Greene Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the City of Greene, Iowa, and agricultural territory in Butler and Floyd Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standard Board.

A. Reporting Entity

For financial reporting purposes, Greene Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Greene Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Butler and Floyd County Assessor's Conference Boards.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental and proprietary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The District has elected to treat all funds as major funds for clarity of presentation.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Student Activity Fund is used to account for extra curricular activities conducted on behalf of the students.

The Management Levy Fund is utilized for the payment of insurance, unemployment and early retirement benefits.

The Debt Service Fund is utilized to account for the payment of interest and principal on the District's general long-term debt.

Public Education and Recreation Levy is utilized to account for the operation of recreation and community services activities.

The Physical Plant and Equipment Levy is used to purchase equipment (over \$500 per item) and for major repairs and improvements to buildings and grounds. It is funded primarily through a combination of property tax and income surtax.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The District reports the following major proprietary fund:

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

C. Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statement:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are invested. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year become effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2008.

Due From Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 2,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund equipment	1,000
Other furniture and equipment	1,000

Capital assets are depreciated using the straight line method over the following estimated useful lives.

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences - District employees accumulated a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009. The compensated absences liability is deemed to be immaterial at June 30, 2009.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, expenditures did not exceed the amounts budgeted in any of the four functions. The District did not exceed its General Fund unspent authorized budget.

(2) Cash and Pooled Investments

The District's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The District had no investments at June 30, 2009.

(3) Capital Assets

Capital assets activity for the year ended June 30, 2009 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 103,600	-	-	103,600
Capital assets being depreciated:				
Buildings	4,670,089	-	-	4,670,089
Improvements other than buildings	186,559	-	-	186,559
Furniture and Equipment	1,053,912	99,955	-	1,153,867
Total capital assets being depreciated	5,910,560	99,955	-	6,010,515
Less accumulated depreciation for:				
Buildings	1,268,391	91,051	-	1,359,442
Improvements other than buildings	114,905	5,606	-	120,511
Furniture and Equipment	802,959	81,388	-	884,347
Total accumulated depreciation	2,186,255	178,045	-	2,364,300
Total capital assets being depreciated, net	3,724,305	(78,090)	-	3,646,215
Governmental activities, capital assets, net	\$ 3,827,905	(78,090)	-	3,749,815
Business type activities:				
Furniture and equipment	\$ 11,074	-	-	11,074
Less accumulated depreciation	6,435	492	-	6,927
Business type activities capital assets, net	\$ 4,639	(492)	-	4,147
Depreciation expense was charged to the following functions:				
Governmental activities:				
Support services:				
Transportation				\$ 44,610
Unallocated				133,435
				178,045
Business Type activities:				
Food service operations				\$ 492

(4) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, PO Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.10% of their annual salary and the District is required to contribute 6.35% of annual covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$131,537, \$118,305, and \$104,007 respectively, equal to the required contributions for each year.

(5) Risk Management

Greene Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(6) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$108,563 for year ended June 30, 2009 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(7) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2009 are summarized as follows:

	<u>Bonds Payable</u>
Balance beginning of year	\$3,030,000
Additions	-
Reductions	<u>175,000</u>
Balance end of year	<u>\$2,855,000</u>

General Obligation Bonds

Details of the District's June 30, 2009 general obligation bonded indebtedness are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	5.00 %	\$ 180,000	132,743	312,743
2011	4.80	195,000	123,742	318,742
2012	4.15	200,000	114,383	314,383
2013	4.25	210,000	106,082	316,082
2014	4.375	220,000	97,158	317,158
2015	4.50	230,000	87,532	317,532
2016	4.60	240,000	77,183	317,183
2017	4.70	250,000	66,142	316,142
2018	4.80	260,000	54,393	314,393
2019	4.80	275,000	41,912	316,912
2020	4.80	290,000	28,713	318,713
2021	4.85	<u>305,000</u>	<u>14,792</u>	<u>319,792</u>
Total		<u>\$2,855,000</u>	<u>944,775</u>	<u>3,799,775</u>

Required Supplementary Information

GREENE COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances -
Budget and Actual - All Governmental Funds and Proprietary Fund
Required Supplementary Information

Year ended June 30, 2009

	Governmental Fund Types	Proprietary Fund Type	Total Actual	Budgeted Amounts Original	Final	Final to Actual Variance
Revenues:						
Local sources	\$ 2,613,144	114,464	2,727,608	2,796,180	2,796,180	(68,572)
State sources	1,523,392	1,840	1,525,232	1,572,558	1,572,558	(47,326)
Federal sources	201,355	60,109	261,464	158,000	158,000	103,464
Total revenues	<u>4,337,891</u>	<u>176,413</u>	<u>4,514,304</u>	<u>4,526,738</u>	<u>4,526,738</u>	<u>(12,434)</u>
Expenditures/Expenses:						
Instruction	2,309,127	-	2,309,127	2,455,000	2,455,000	145,873
Support services	1,363,105	-	1,363,105	1,795,000	1,795,000	431,895
Non-instructional programs	-	176,448	176,448	195,478	195,478	19,030
Other expenditures	475,864	-	475,864	868,172	868,172	392,308
Total expenditures/expenses	<u>4,148,096</u>	<u>176,448</u>	<u>4,324,544</u>	<u>5,313,650</u>	<u>5,313,650</u>	<u>989,106</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	189,795	(35)	189,760	(786,912)	(786,912)	976,672
Other financing sources (uses)	<u>(5,000)</u>	<u>-</u>	<u>(5,000)</u>	<u>914,000</u>	<u>914,000</u>	<u>(919,000)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other expenditures and other financing uses	184,795	(35)	184,760	127,088	127,088	57,672
Balance beginning of year	<u>1,914,772</u>	<u>11,671</u>	<u>1,926,443</u>	<u>1,827,271</u>	<u>1,827,271</u>	<u>99,172</u>
Balance end of year	<u>\$ 2,099,567</u>	<u>11,636</u>	<u>2,111,203</u>	<u>1,954,359</u>	<u>1,954,359</u>	<u>156,844</u>

See accompanying independent auditor's report.

GREENE COMMUNITY SCHOOL DISTRICT

Note to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2009

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2009, expenditures did not exceed the amounts budgeted in any of the four functions. The District did not exceed the General Fund unspent authorized budget.

Other Supplementary Information

GREENE COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2009

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Athletics	\$ (9,040)	70,536	52,757	8,739
District Football	6	827	502	331
Science Club	1,910	119	491	1,538
Cheerleaders	798	2,796	2,115	1,479
Junior Concessions	-	5,307	5,307	-
Athletic Concessions	-	10,701	10,701	-
Magazines	9,580	-	1,422	8,158
FFA	1,140	-	-	1,140
Home Ec Club	354	662	623	393
National Honor Society	3,174	920	732	3,362
Library	251	343	434	160
Music	2,955	8,243	5,848	5,350
Industrial Tech	4,030	1,370	1,819	3,581
Science	8,604	2,862	-	11,466
Math	7,431	2,863	-	10,294
Drama/Speech	5,279	5,800	942	10,137
Annual	2,923	13,070	10,802	5,191
Student Council	1,192	2,034	1,343	1,883
MS Student Council	1,617	-	-	1,617
School Store	828	88	215	701
Elementary	1,298	3,362	2,703	1,957
High School	116	211	25	302
Insurance	10	-	-	10
Dues/Fees	247	190	34	403
Hi Fi	20,344	288	4	20,628
Jump Rope for Heart	315	-	-	315
Class of 2007	(271)	-	-	(271)
Class of 2012	-	689	332	357
Class of 2009	2,328	-	1,628	700
Class of 2010	1,806	930	929	1,807
Class of 2011	294	2,601	983	1,912
	<u>\$ 69,519</u>	<u>136,812</u>	<u>102,691</u>	<u>103,640</u>

See accompanying independent auditor's report.

BRUCE D. FRINK

Certified Public Accountant

Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance
with Government Auditing Standards

Member:

- American Institute of Certified Public Accountants
- Iowa Society of Certified Public Accountants

Services:

- Individual, Partnership and Corporate Tax Preparation
- Year Round Tax Planning
- Electronic Filing
- Payroll & Sales Tax Preparation
- I.R.S. Representation
- Monthly/Quarterly Write-Up
- Data Processing Services
- Payroll Preparation
- Computerized Financial Statements
- Business/Personal Financial Planning
- Bank Loan Assistance

Plus:

- Over 30 years of Expertise and Experience
- Evenings & Saturdays Available by Appointment
- Extended Hours During Tax Season

To the Board of Education of the
Greene Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Greene Community School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated April 29, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Greene Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Greene Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Greene Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Greene Community School District's ability to initiate, authorize, record, process or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Greene Community School District's financial statements that is more than inconsequential will not be prevented or detected by Greene Community School District's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Greene Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items I-A-09 and I-B-09 are material weaknesses.

Compliance and Other Matters

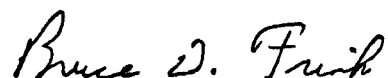
As part of obtaining reasonable assurance about whether Greene Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed immaterial instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Greene Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Greene Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Greene Community School District and other parties to whom Greene Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Greene Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



BRUCE D. FRINK
Certified Public Accountant

April 29, 2010

GREENE COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2009

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCY:

I-A-09 SEGREGATION OF DUTIES

Comment - During our review of the internal control structure, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the District's financial statements. We noted that one individual has custody of receipts and performs all record-keeping and reconciling functions for the office.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review the operating procedures of the office to obtain the maximum internal control possible under the circumstances.

Response - We will review procedures and investigate available alternatives.

Conclusion - Response accepted.

I-B-09 AUDITOR DRAFTING OF THE FINANCIAL STATEMENTS AND RELATED FOOTNOTE DISCLOSURES

Comment - As in prior years, we were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. SAS 112, an auditing standard from the American Institute of Certified Public Accountants, requires auditors to communicate this situation as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of the District's statements and footnotes, and the responsibility of the auditor to determine the fairness of the presentation of those statements. From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do this with organizations of your size. However, based on this auditing standard, it is our responsibility to inform you that this deficiency could result in a misstatement to the financial statements that could have been prevented or detected by the District's management. As in prior years, we have instructed management to review a draft of the auditor prepared financial statements in detail for their accuracy; we have answered any questions they might have, and encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification and disclosure in your financial statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements.

Recommendation - It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Response - We feel our review of the draft financials is adequate for us to accept this risk.

Conclusion - Response accepted.

GREENE COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2009

Part II: Other Findings Related to Required Statutory Reporting:

- II-A-09 Certified Budget - Expenditures for the year ended June 30, 2009, did not exceed the amounts budgeted.
- II-B-09 Questionable Expenditures - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- II-C-09 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-D-09 Official Depositories - Official depositories have been approved by the District. The maximum deposit amounts approved were not exceeded during the year ended June 30, 2009.
- II-E-09 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-F-09 Business Transactions - No business transactions between the District and District officials or employees were noted.
- II-G-09 Board Minutes - No transactions requiring Board approval which had not been approved by the Board were noted.
- II-H-09 Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- II-I-09 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported. The District was instructed to close the 67½ Cent Schoolhouse Levy in to the Physical Plant and Equipment Levy on the CAR by the Department of Education.
- Recommendation - As there was no statutory basis given for the adjustment, we recommend that the District maintain records necessary to show the proper use of these funds.
- Response - We will maintain such records.
- Conclusion - Response accepted.
- II-J-09J Certified Enrollment - No variances in the basic enrollment data certified to the Department of Education were noted.
- II-K-09 Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.

GREENE COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2009

Part II: Other Findings Related to Required Statutory Reporting:
(continued)

II-L-09 Statewide Sales and Services Tax - No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. For the year ended June 30, 2009, the District's financial activity and other required information for the statewide sales and services tax are as follows:

Beginning balance		\$	-
Statewide sales and services tax revenue			187,473
Expenditures/transfers out:			
School infrastructure:			
Buildings	\$ 50,409		
General obligation debt	<u>100,000</u>		<u>150,409</u>
Ending balance		\$	<u><u>37,064</u></u>